

BUDGET FINANCIAL POLICIES

The City of Greensboro's financial policies serve as the basis for the overall fiscal management of the City's resources. These policies guide City Council and Administration in making sound financial decisions and in maintaining Greensboro's fiscal stability.

Many of the policies outlined here are derivatives of the Local Government Budget and Fiscal Control Act. Other policies were developed by the City to address specific financial issues in Greensboro. These policies are reviewed annually and are updated as needed.

Listed below are financial policies which are specifically related to the adoption and execution of the annual operating budget:

Operating Budget

1. The City of Greensboro will prepare a two-year planning budget, with the first year submitted to City Council for legal adoption and the second year submitted as a planning document to assist with long-range financial planning efforts.
2. In accordance with the Local Government Budget and Fiscal Control Act, the City shall operate under an annual balanced budget ordinance in which the sum of net revenues and appropriated fund balances is equal to appropriations.
3. All grants received by the City from Federal or State Government Agencies for operating or capital purposes shall be adopted with a separate Grant Project Ordinance, with revenues estimated to be available from the grant including any local match equal to appropriations for the grant project.
4. The City's annual budget shall be adopted by July 1 and shall cover a fiscal year period beginning July 1 and ending June 30.
5. The City shall have its accounts independently audited at the close of each fiscal year by a certified public accountant.
6. The City's two-year budget shall be presented in a program budget format with program summaries, performance objectives and performance measures provided for each major program or service.

Reserves

1. The City shall maintain an undesignated fund balance equal to 9% of the following fiscal year's General Fund adopted budget, with any amount in excess of 9% being credited to a capital reserve account until a minimum of \$10 million is accumulated. Once the minimum goal is reached additional funds can be used for "pay-as-you-go" capital expenditures.
2. Before any appropriations can be made from Undesignated Fund Balance of the General Fund, seven "yes" votes from the nine member Council shall be required.
3. Appropriations to contingency account in any of the City's operating funds shall be limited to less than 5% of that fund.
4. For all other operating funds, the City shall seek to maintain a minimum fund balance of 8% of working capital.

Revenue Policy

1. Revenue estimates shall be set at realistic and attainable levels and shall be updated and revised as needed.
2. The City will conduct an annual review of specific programs and services which have been identified as potential candidates for user fees. Where appropriate, user fees will be set at a level sufficient to recover the full costs of the program or service.
3. The City's Enterprise operations shall set their enterprise fees at a level sufficient to recover the full costs of enterprise operations.
4. The City shall maintain an investment portfolio in which 100% of all idle funds are invested daily.

Capital Improvements Projects

1. The City shall annually develop a six-year Capital Improvements Program (CIP) to be adopted in conjunction with the Annual Operating Budget.

2. The City shall appropriate all funds for Capital Projects with a Capital Projects ordinance in accordance with state statutes.

3. Operating expenses for all capital projects will be estimated and accounted for in the Capital Improvements Program.

4. Capital expenditures included in the CIP as a project will cost at least \$100,000 and have a useful life of at least 10 years. Equipment purchases are considered operating expenses and will not be included in the CIP.

5. City Council will annually set level-of-service standards for the quantity and quality of capital facilities and criteria for the evaluation of capital project requests.

6. The CIP will contain an inventory of existing capital facilities and document any maintenance or replacement plans for these facilities.

Capital facilities to be financed with bonded indebtedness must adhere to the debt policies of the City including maintenance of adopted debt ratios and coordination with the overlapping capital needs of Guilford County.

Debt Management

1. Completion of capital projects funded with bond proceeds shall not exceed the life of the bonds issued to fund that project.

2. Bonds shall only be issued for capital improvement projects having a cost of at least \$100,000 and having a useful life of at least 10 years.

3. Interest income will be credited to the Debt Service Fund. This will allow interest income to offset debt service costs which also tend to vary depending on when bonds are issued and the variable interest rates that are in effect when the bonds are issued.

